

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE AUDIT COMMITTEE – 20 SEPTEMBER 2011

SUBMITTED TO THE COUNCIL MEETING – 11 OCTOBER 2011

(To be read in conjunction with the Agenda for the Meeting)

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|------------------------------------|------------------------|
| * Cllr Stephen Mulliner (Chairman) | Cllr Tony Gordon-Smith |
| * Cllr Tom Martin (Vice-Chairman)  | * Cllr Stephen Hill    |
| * Cllr Brian Adams                 | * Cllr Donal O'Neill   |
| Cllr Jim Edwards                   |                        |

\* Present

Paul Grady and Kathryn Sharp from the Audit Commission were also present

16. MINUTES (Agenda Item 1)

RESOLVED that the Minutes of the Meeting held on 21 June 2011 be confirmed and signed.

17. APOLOGIES FOR ABSENCE (Agenda Item 2)

An apology for absence was received from Cllr Jim Edwards.

18. DISCLOSURE OF INTERESTS (Agenda Item 3)

There were no interests raised under this heading.

**PART I – RECOMMENDATIONS TO THE COUNCIL**

There were no matters falling within this category.

**PARTS II AND III – MATTERS OF REPORT**

Background Papers

The background papers relating to the following report items in Parts II and III are as specified in the agenda for the Audit Committee.

**Part II – Matters Reported in Detail for the Information of the Council**

There were no matters falling within this category.

**Part III – Brief Summaries of Other Matters Dealt With**

19. REVIEW OF PROGRESS IN IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (Agenda Item 5; Appendix A)

The Committee received the most updated version of Annexe 1 to the report and, having heard from relevant Heads of Service who were present at the meeting, reviewed the progress made to date in implementing Internal Audit recommendations. The Committee agreed that it would be helpful in future if

the Annexe included the start date for each audit action programme. It was agreed that this could be added. The Chairman encouraged Heads of Service to bring items to the attention of the Committee at the earliest opportunity if it appeared likely that a due date was approaching that would be difficult to achieve.

With regard to the recommendations below, it was agreed that the following actions be taken:-

IA11/24.002	Jadu log and exception reports following webmaster changes to website content. [Content Management (Internet and Intranet)]	Agreed to refer the item to the IT Change Advisory Group to discuss whether there would be any benefit from receiving this information and any justification for the additional cost. To report back to next meeting.
IA11/20.006	Develop a Central Pay Policy and Equal Pay Action Plan [Personnel and Payroll]	Agreed to amend date to 14.12.11. to coincide with other HR policies being presented to the Council at the same time.
IA11/20.001	Review of Corporate Safeguarding Children and Young People Policy [Personnel and Payroll]	Agreed to extend the due date to 30 November 2011.
IA11/27.006 and IA11/26.004	Encryption protection [Laptop and Mobile Devices] and Passwords [Lotus Notes Email and Virus Protection]	Agreed to extend to 3.10.11 once transfer to Outlook completed.
IA11/26.005	Email logs [Lotus Notes Email and Virus Protection]	Agreed to refer to IT Change Advisory Group to evaluate whether there are any benefits from re-introducing a filter on emails.

RESOLVED that the actions be approved as set out above and in Annexe 2 to the report.

20. ANNUAL GOVERNANCE REPORT 2010/11 (Agenda Item 6; Appendix B)

Paul Grady and Kathryn Sharp were present at the meeting and introduced their Annual Governance Report for the year 2010/11. They reported that it had been a very smooth audit again this year, with all accounts and working papers very clear. It was noted that there had been very few amendments required, only those relating to the presentation of figures in the accounts and not the underlying processes.

It was reported that the Certificate signing the accounts off would be slightly delayed this year because of two very late questions submitted by an elector which needed to be responded to. Once the Audit Manager was content that the questions had received the appropriate response, he would be able to sign the Certificate.

With regard to the value for money assessment, a member questioned whether it was possible to continue to achieve annual savings without eventually impacting upon staff morale. Paul Grady commented that there was no evidence of this occurring at Waverley and that new initiatives, such as the Star Chamber and Foresight Programme, and the dynamic ways of working were now firmly embedded in the organisation. He concluded that there was a positive but not complacent feel amongst managers which gave confidence that the Council could continue to respond to a challenging national financial position.

RESOLVED that

1. the Audit Commission's Governance Report for 2010/2011 be received; and
2. the Letter of Representation for 2010/2011 be approved.

21. UPDATE ON EXTERNAL AUDIT (Agenda Item 7)

Following the announcement of the Coalition Government that the Audit Commission would be disbanded as part of the Localism Act, Paul Grady updated the Committee on the current situation. The Commission would be running another framework audit for the five years from 2012-13 which would see the country divided into lots, and staff from the Audit Commission being transferred under TUPE to whichever company wins each tender. The Committee noted that the long-term goal, subject to legislation and other factors, was that after 3-5 years, local authorities would have appointed totally independent Audit Committees who would be responsible for appointing their own auditors.

RESOLVED that the update be received and noted.

22. STATEMENT OF ACCOUNTS 2010/2011 (Agenda Item 8; Appendix C)

RESOLVED that

1. the Statement of Accounts for the financial year ended 31 March 2011 be approved; and
2. the Audit Committee confirms that the accounts have been prepared on a going concern basis.

23. INTERNAL AUDIT PLAN UPDATE (Agenda Item 9; Appendix D)

Updated versions of Annexes 1 and 2 were circulated to the Committee setting out the most current situation and it was noted that good progress continued to be made.

RESOLVED that

1. the status of the 2010/2011 Audit Plan, as contained at Annexe 1 be noted; and
2. the progress of the 2011/2012 Internal Audit Plan, as attached at Annexe 2, be noted and the proposed utilisation of 12 days from contingency be endorsed, as specified at paragraph 5 of the report.

24. INTERNAL AUDIT TERMS OF REFERENCE AND STRATEGY (Agenda Item 10; Appendix E)

The Committee considered revised terms of reference for Internal Audit and a revised Internal Audit Strategy. With regard to risk management, it was clarified that the Audit Committee approves the risk management framework each year as one of its fundamental functions, but that Heads of Service are responsible for risk management on an operational basis. It was agreed that an update on the mid-year position could be brought to the November meeting, and the Audit Committee requested that Heads of Service be asked to review the risks for which they are responsible, particularly in light of the current economic situation.

RESOLVED that the revised Internal Audit Terms of Reference and Internal Audit Strategy, as set out at Annexe 1 to the report, be endorsed.

25. NATIONAL FRAUD INITIATIVE 2010/2011 (Agenda Item 11; Appendix F)

The Committee gratefully received a more detailed report updating them on the progress made by officers on the latest results of the Audit Commission's data-matching exercise known as the National Fraud Initiative (NFI).

RESOLVED that the Committee note that progress is being made and performance will be reported by the Internal Audit Client Manager to future Audit Committees.

**The meeting commenced at 7.00 p.m. and concluded at 8.45 p.m.**

Chairman